

KEY TERMS

ASSISTANCE PROGRAMS

Programs designed to help people who have income and assets below specified levels.

GRANTS-IN-AID

Federal funds provided to states to finance public assistance programs.

MEDICARE

The federal health insurance program for people 65 and over, or who have received Social Security disability benefits for two years or more or who have permanent kidney failure.

SOCIAL SECURITY

The federal program of social insurance designed to provide a continuing income to families when the breadwinner retires, dies, or becomes disabled.

SOCIOECONOMIC

Combining social factors, such as age and race, with economic factors, such as income, to describe events.

SOCIAL INSURANCE

A governmental system based on worker contributions that pays cash benefits to workers who suffer certain risks.

SUPPLEMENTAL SECURITY INCOME (SSI)

A federal assistance program that pays monthly cash benefits to people 65 and over, or blind, or disabled, with limited income and resources. The basic federal payment is supplemented by most states based on differences in regional living costs.

THE GREAT DEPRESSION: A CRISIS OF CONFIDENCE

The Great Depression was a time of national crisis. Picture it. The White House, Friday, March 3, 1933, midnight. Across the country the banks of the nation had gradually shuttered their windows and locked their doors. Factories had slowed down their machinery from a deafening roar to a roaring silence. Overnight, people moved sullenly from their homes, into the overcrowded homes of their relatives and loved ones, or out on the highways and byways in ramshackle huts. America. This rich and fertile nation, overflowing with natural wealth in its fields, forest and mines; equipped with unsurpassed technology; endowed with a highly trained and capable workforce, was grinding to a halt.

"We are at the end of our rope," lamented a weary President Hoover. "There is nothing more we can do." This was in tune with Woody Guthrie's song of the times called "End O' My Line."

The worldwide Great Depression in which grasp America was held, had been signaled and triggered by the stock market crash of 1929. People believed that capitalism had totally failed and that democracy was sinking with it, never to be revived.

People stood in breadlines and scavenged in city dumps for food. In West Virginia, mining families who had been turned out of their homes lived in tents along the road and subsisted on pinto beans and black coffee. The New York City Health Department reported that over one-fifth of the pupils in public schools were suffering from malnutrition.

Every freight train moving across the land carried vagabond men and boys who wandered from place to place, living on handouts and odd jobs as they looked for steady work. One out of every four men lacked a job.

Along every highway were bewildered hitchhikers, thumbing their way from here to who-knows-where, looking for a place to start over.

Those who had jobs were not much better off. In factories, mines, steel mills, and textile mills across the land, men labored long hours for wages well below what was needed to earn a living. There was no minimum wage. The top tune of the day was "Buddy, Can You Spare a Dime?"

The Great Depression had an even more devastating impact on the elderly. Unemployment among older workers was estimated at 30 percent. Today, in comparison, the number of people who are unemployed generally remains under 8 percent. Fewer than 18 people out of a hundred were covered by pension plans. And those who had businesses were bankrupt. Many savings institutions had folded, so people could not get their savings. Families and charities found it a very heavy burden to provide for the elderly. But what could they do?

People who were elderly in 1933 had, in earlier years, been farmers. During the Depression, agricultural prices fell, yet farmers were growing the same amount of food. The consequence was a surplus of grains and unprocessed foods that overflowed storage facilities. Meanwhile, millions of Americans were poorly fed and undernourished. And because farmers could not sell their agricultural products to earn money, they could not buy clothing or other necessities.

President Hoover felt impotent. But America was on the eve of an inauguration. What would the new President do? Across the suffering nation, millions clustered around radio sets to find out.

Description based on:
The Age of Roosevelt, by
Arthur M. Schlesinger
Houghton Mifflin,
Boston, Mass. 1957

SOCIAL
SECURITY
& YOU

1 HISTORY

HANDOUT 2

Social Security is the Nation's primary means of assuring continuing income to a family when the breadwinner retires, dies, or becomes disabled.

One out of six people in the country receives Social Security benefits.

- ☐ Retired workers and their families
- ☐ Disabled workers and their families
- ☐ Widow, widowers, surviving children

These benefits keep millions of people out of poverty.

EARLY HISTORY

AGRARIAN TO INDUSTRIAL

In 1870, most were independent farmers, tradesmen, artisans.

By 1930's, most were wage earners dependent on jobs.

GREAT DEPRESSION

Dramatized workers' vulnerability to economic forces beyond their control.

Needs too great to be handled by state programs and private charity.

SOCIAL SECURITY ENACTED AUGUST 14, 1935

Original Act included:

TWO SOCIAL INSURANCE PROGRAMS

- ☐ Old-Age Insurance
- ☐ Federal-state system of unemployment insurance

THREE PUBLIC ASSISTANCE PROGRAMS

Federal Grants-in-Aid to states for:

- ☐ Assistance to Aged
- ☐ Assistance to Blind
- ☐ Aid to Families with Dependent Children

PROGRAM GROWTH AND DEVELOPMENT

1935	RETIREMENT BENEFITS Old-Age benefits for workers in commerce and industry
1939	SURVIVORS AND DEPENDENTS BENEFITS Recognized that dependents suffer loss of income when worker retires or dies.
1940	FIRST MONTHLY BENEFITS PAID
1950's	COVERAGE EXTENDED To most other jobs, including self-employed.
1956	DISABILITY BENEFITS Protection against loss of income due to "involuntary retirement."
1965	MEDICARE Protection against risk of high health care costs for people 65 and over. Extended to disabled and people with permanent kidney failure in 1972.
1972	AUTOMATIC COST OF LIVING ADJUSTMENT FORMULA ESTABLISHED To help beneficiaries keep up with cost of living.
1983	FINANCING STRENGTHENED Changes made to assure sufficient income into the program into the foreseeable future.

SUPPLEMENTAL SECURITY INCOME (SSI)

Monthly federal payments to
needy people 65 and over, or blind, or
disabled.

Provides nationwide, uniform floor of
income protection for aged, blind, and
disabled people.

States supplement basic federal payment
based on local standards of need.

Funded from federal general revenues, not
the Social Security trust funds.